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No. 00-470

IN THE
# Supreme Court of the United States

LAS VEGAS SPORTS NEWS, L.L.C.,
d/b/a LAS VEGAS SPORTING NEWS,
*Petitioner,*

v.

TIMES MIRROR MAGAZINES, INC.,
*Respondent.*

**On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit**

## REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

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## INTRODUCTION

There is substantial, growing confusion and irreconcilable conflict among the Courts of Appeals on the three issues presented in the Petition. Indeed, courts have already cited the Third Circuit opinion in this case on all three issues. *See Eli Lilly & Co. v. Natural Answers, Inc.*, 2000 WL 1735075, at *9 (7th Cir. Nov. 21, 2000) (lack of actual economic harm requirement); *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 2000 WL 1428665, at *11 (S.D. Ind. Aug. 30, 2000) ("no standard for fame separate from that of distinctiveness"); *Simon Property Group, L.P. v. mySimon, Inc.*, 2000 WL 1206575, at *7 (S.D. Ind. Aug. 3, 2000) (niche market fame standard).[1]

The questions presented are important, concrete and fundamental to the conduct of this litigation and many other FTDA cases. This Court's guidance is sorely needed.

## ARGUMENT

### A. *Syndicate Sales* Does Not Resolve the Confusion Among the Circuits on Niche Market Fame.

Respondent erroneously contends that *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633 (7th Cir. 1999), reconciles "the apparent conflict among the circuits" on niche

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[1] Commentators have also cited the Third Circuit decision on the issues presented in the Petition, e.g., Shields, What Constitutes "Famous Mark" for Purposes of Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), Which Provides Remedies for Dilution of Famous Marks, 165 A.L.R. Fed. 625 (2000) (citing Third Circuit's niche market fame standard); Edelman, Trademark Law Developments, 624 PLI/Pat 105, 125-126 (2000) (stating that majority in this case rejected requirement of separate test for distinctiveness); Kirkpatrick, Exhibits to 1999-2000 Federal Appellate Trademark Decisions, 617 PLI/Pat 25, 76 (2000) (citing Third Circuit decision that there is no separate statutory requirement for distinctiveness).

market fame. (Opp. at 11.) *Syndicate Sales* does not resolve the confusion, which has only deepened since the Seventh Circuit ruled in that case.

Times Mirror reads *Syndicate Sales* to say that the circuit courts have rejected the niche market theory of fame only where the parties were not operating in the same or similar markets, whereas "no Circuit Court has rejected the niche market theory where the plaintiff and defendant competed in the same or similar market." (Opp. at 10.) However, the decision in *I.P. Lund v. Kohler*, 163 F.3d 27 (1st Cir. 1998), belies Respondent's hypothesis. There, the First Circuit rejected a niche market standard even though the parties were operating in the very same market. In addition, *Avery Dennison v. Sumpton*, 189 F.3d 868, 876 (9th Cir. 1999), is inconsistent with *I.P. Lund* and the instant case.

In *I.P. Lund*, the maker of VOLA, a high-end bathroom faucet, brought a trade dress dilution claim to enjoin a direct competitor from selling a similarly designed faucet. 163 F.3d at 47. The district court found that "in its market, the VOLA's design is famous and distinctive" because "the VOLA mark is strong, and has acquired secondary meaning in its market; and it has been used for some twenty years in this county." *Id.* (quotation omitted). The First Circuit reversed, finding that the plaintiff had not met the rigorous standard of fame required for dilution:

> Although the district court found that "in the world of interior design and high-end bathroom fixtures, the VOLA is renowned," and that the faucet has been featured and advertised in national magazines and displayed in museums . . . [i]n light of the rigorous standard for fame, we find [plaintiff] has not met its burden[.]

*Id.* (internal quotation omitted). This decision has been cited for the proposition that "[m]uch of the relevant case law

indicates that marks famous only in a specialized market, rather than well-known to the general public, should not be considered 'famous' under the federal dilution statute." *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F. Supp. 2d 488, 503 and n.31 (E.D. Va. 1999) (citing *I.P. Lund* and other cases) *aff'd*, 217 F.3d 843 (4th Cir. 2000).

As the court stated in *Simon Property Group*, "courts are divided on the issue" of niche fame, and "[t]he niche market theory has met with some compelling criticism." 2000 WL 1206575, at *7 n.3 (citing Judge Barry's dissent in this case).

The *Syndicate Sales* opinion does not attempt to reconcile *Avery* with the other circuit court holdings on niche fame, nor could it. The court in *Avery* held that fame in a specialized market "can be adequate if the diluting uses are directed narrowly at the same market segment." 189 F.3d at 878. In contrast, the Third Circuit in this case issued the much broader holding that a "mark can be famous in a niche market where . . . defendant operate[s] within or alongside [plaintiff's] market[.]" App. at 12a.

Moreover, *Avery* allows niche market fame to suffice for the fame requirement of the FTDA only in a "specialized market." 189 F.3d at 876. As Judge Barry stated in her dissent, the only conceivable place for a niche market theory under the FTDA is for specialized, industrial markets, not for periodicals or other goods sold to the general public. App. at 31a n.3.

### B. The Third Circuit's Holding on Distinctiveness is Not Dicta.

Respondent concedes that a conflict exists among the circuits on the "interesting question" whether distinctiveness —separate and apart from fame—is an essential element of an FTDA claim. (Opp. at 15.) However, Respondent incorrectly argues that the Third Circuit's discussion of this issue is dicta.

The Third Circuit's ruling on this question is not dicta. In fact, it has already been cited by another court and several commentators for that holding. *Syndicate Sales, Inc. v. Hampshire Paper Corporation*, 2000 WL 1428665, at * 11 (S.D. Ind. 2000) (on remand); Edelman, *Trademark Law Developments*, 624 PLI/Pat 105, 125-126 (2000); Kirkpatrick, *Exhibits to 1999-2000 Federal Appellate Trademark Decisions*, 617 PLI/Pat 25, 76 (2000).

Respondent characterizes the ruling below as "dicta" on the ground that the Third Circuit actually made separate findings on the issues of fame and distinctiveness. However, the Third Circuit's finding of distinctiveness is entirely dependent upon its ruling that distinctiveness is not a separate, essential element of an FTDA claim, but rather can simply be inferred from fame. Without that ruling, Respondent would not and could not have prevailed on the distinctiveness finding, and its entire FTDA claim necessarily would have been defeated. Specifically, the Third Circuit would not have been able to infer distinctiveness from the secondary meaning component of its fame analysis.

Rather than insisting upon *inherent* distinctiveness, the Third Circuit allows *acquired* distinctiveness, *i.e.*, secondary meaning, to suffice for the FTDA (Opp. at 15). The decision below is, therefore, irreconcilable with the holdings of the Second and Eighth Circuits that, to be distinctive for purposes of the FTDA, marks must be inherently distinctive rather than distinctive by virtue of acquired, secondary meaning. *Nabisco Inc. v. PF Brands, Inc.* 191 F.3d. 208, 216 (2d Cir. 1999); *Viacom Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 892 (8th Cir. 1998). Descriptive marks or marks of the common, quality-claiming, or prominence-claiming type (*e.g.*, American Airlines, as the Second Circuit notes) simply do not have the degree of distinctiveness required to exclude all other uses. *See Nabisco*, 191 F.3d at 227-28; *see also Viacom*, 141 F.3d at 892 (FTDA does not protect marks

which, albeit famous, are comprised of common words with multiple meanings).

### C. The Third Circuit Did Address the Issue of Actual Dilution and Created a Conflict with the Fourth and Fifth Circuits.

Respondent concedes that "there in fact may be a genuine conflict among the circuits" on the issue of whether the FTDA requires proof of actual, consummated harm. (Opp. at 16.) Respondent erroneously claims, however, that the Third Circuit did not address the "actual dilution" issue.

In fact, the court below unequivocally advanced a "likelihood of dilution" standard: "To prove dilution by blurring, the owner of a famous mark must prove that the *capacity* of its mark to continue to be strong and famous would be *endangered* by the defendant's use of its mark." App. at 18a (emphasis added). Accordingly, the Third Circuit in the instant case affirmed the district court's dilution ruling even in the undisputed absence of *any* evidence of actual dilution. The Seventh Circuit subsequently noted the Third Circuit's "implicit holding" in this case that actual economic harm need not be proven under the FTDA. *Eli Lilly & Co. v. Natural Answers, Inc.*, 2000 WL 1735075, at *9 (7th Cir. Nov. 21, 2000).

With *Eli Lilly*, the Seventh Circuit has deepened the conflict among the Circuits. Now the Second, Third, and Seventh Circuits stand directly in conflict with the Fourth and Fifth Circuits on this issue. *See Eli Lilly*, 2000 WL 1735075, at *10 (adopting likelihood of dilution standard).

### D. This Court's Review Would Not Be Abstract, Hypothetical or Premature.

There is nothing abstract, hypothetical, or contingent about the instant petition. Petitioner seeks review of three precise, concrete, and specific holdings. The holdings have not only dictated the Third Circuit's judgment to date, but are fundamental to, and will control, the further conduct of this case. Moreover, other courts have followed, and more undoubtedly will follow, these decisions. Respondent's position is based merely on bare assertions and unfounded hypotheticals.

Nearly all the cases cited by Respondent on this issue involve a declaratory judgment action or an anticipatory challenge to the constitutionality of a state or federal law. As this Court stated in the cases cited by Respondent, such actions implicate specific policies mitigating against review, such as not allowing the Declaratory Judgment Act to swallow the case and controversy requirement of Article III, and avoiding constitutional questions if possible. The cited cases explicitly turned on these policies, neither of which is implicated here.

The few remaining cases cited by Respondent are similarly inapplicable and irrelevant. At best, *Phillips v. Martin Marietta*, 400 U.S. 542 (1971) and *Wainwright v. New Orleans*, 392 U.S. 598 (1968), say that this Court will not adjudicate issues when facts needed to do so are lacking. In these cases, the legal conclusion hinged on the application of the law to undeveloped facts, for example, whether there was adequate suspicion for an arrest, whether an arrestee responded with a reasonable degree of force, or whether there was a bona fide business reason for a particular policy. In contrast, the questions presented in this Petition are pure questions of law: What is the proper legal standard as to fame, distinctiveness, and actual dilution/likelihood of dilution? These questions do not turn on any underlying

facts, and no further factual development will clarify or add to the analysis.

This Court can review non-final orders, and in the past it has chosen to exercise this discretion on the basis of many factors present here, *e.g.*, when the petition presents an important, clear-cut issue of law which is fundamental to the further conduct of the case, not likely to be clarified by a further factual record, and upon which the circuit courts disagree. *See, e.g., Citicorp Industrial Credit, Inc., v. Brock*, 483 U.S. 27, 30-32 (1987) (reviewing affirmance of preliminary injunction order to resolve conflict among the circuits on legal issue); *INS v. Cardoza-Fonseca*, 480 U.S. 421, 425-426 (1987) (reviewing appeal prior to remand in order to resolve conflict over proper legal standard); *United States v. General Motors*, 323 U.S. 373, 377 (1945) (reviewing non-final order where questions presented were fundamental to the further conduct of the case); *cf. Frisby v. Schultz*, 487 U.S. 474, 478-479 (1988) (reviewing affirmance of preliminary injunction order because, *inter alia*, question was of substantial importance and further proceedings below would not aid consideration).

Moreover, Respondent has presented nothing more than a vague specter of what might develop during further proceedings. There is no reason to believe that the scenarios it has conjured up are even remotely likely. No facts that might develop at a trial on the merits will undermine or change the legal standards challenged herein, and none will clarify the legal issues presented.

Specifically, there is no reason to believe that Respondent will establish fame among the general public, distinctiveness of its mark as defined by the Second Circuit, or actual dilution. Even more significantly, the Third Circuit's rulings that these elements are unnecessary to an FTDA claim are now the law of the case. Therefore, contrary to it's bald

conjectures, Respondent has no incentive to prove them at trial, even if it could do so.[2]

## CONCLUSION

The petition seeks review of clear-cut issues of law that are fundamental to the further conduct of the case. It invokes important issues concerning the meaning of a federal statute as to which there is significant confusion and conflict within the Circuits. Only this Court can resolve the conflicts and confusion. The questions presented are ripe for resolution. The petition for a writ of certiorari therefore should be granted.

Respectfully submitted,

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[2] Respondent also claims that several of the issues presented were not litigated in the district court. However, all the issues *were* litigated there and, in any event, were litigated in the Third Circuit. Respondent has not cited any cases supporting its view that this Court should not review the decision in these circumstances. On the contrary, the Court has accepted cases for review where the issues had been litigated only in the circuit court and not in the district court. *Youakim v. Miller*, 425 U.S. 231 (1976).